

Memorandum

To: Panel Members Date: May 23, 2002

From: Charles Rufo, Manager
Peter DeMauro, General Counsel Analyst: J. Daunt

Subject: One-Step Agreement for **Pacific Coast Producers (HUA)**
www.pcoastp.com

CONTRACTOR:

- Training Project Profile: Retraining: Companies with Out-of-State Competition
Training in High Unemployment Areas of California
- Legislative Priorities: Promotion of California's Manufacturing Workforce
Developed Jointly by Management and Workers
Moving to a High Performance Workplace
Stimulating Exports/Imports
- Type of Industry: Manufacturing
- Repeat Contractor: Yes
- Contractor's Full Time Employees:
 - Company Wide: 1,020
 - In California: 1,018
- Fringe Benefits: Yes
- Union Representation: Yes
- Name and Local Number of Union Representing Workers to be Trained: Cannery Workers, Processors and Helpers, Affiliated with the International Brotherhood of Teamsters, Local 601

CONTRACT:

- Program Costs: \$62,640
- Substantial Contribution:
- Total ETP Funding: \$62,640
- In-Kind Contribution: \$184,880
- Reimbursement Method: Fixed-Fee
- County(ies) Served: San Joaquin
- Duration of Agreement: 24 months

SUBCONTRACTORS:

Parker, Land & Associates, Oakdale, California, for a portion of training, not more than \$17,820; and for administration, not more than \$8,170.

THIRD PARTY SERVICES:

Parker, Land & Associates assisted with the development of the current proposal at no cost to Pacific Coast Producers, but instead will receive compensation as a subcontractor (above) providing both training and administrative services.

California Manufacturing and Technology Association (CMTA) also assisted with the development of the current proposal at no cost to Pacific Coast Producers.

PRIOR PROJECTS:

The following are completed project statistics for ETP Agreements with this Contractor within the last five years:

Agreement No.	Location (City)	Term	Agreement Amount	Amount Earned	% Earned
ET9-0924	Lodi	11/30/98-11/29/00	\$67,340	\$5,356	8% *

* Performance was low due to unforeseen factors that arose after the term of the company's first ETP Agreement began: 1) ETP-funded training, consisting only of Management Skills training, was delivered simultaneously with company-funded training in their new computer system. Company officials determined that computer training was a higher priority than the ETP-funded curriculum. Consequently, ETP-funded training was often not done. 2) The training vendor that has subcontracted for a portion of the ETP-funded training provided only part of that portion of training. This information was discussed during the final monitoring visit, which took place on July 20, 2000, and is outlined in the ETP Monitoring Report of July 20, 2000, for the company's previous project. For the current proposal, Pacific Coast Producers will not attempt simultaneous training programs, nor will the same training vendor be used in their current plan.

NARRATIVE:

The California Manufacturing Technology Association (CMTA) brought this project to the Panel.

Pacific Coast Producers is eligible for ETP funding under Title 22, California Code of Regulations, Section 4416 (b) as a California manufacturer (as reflected in its Standard Industrial Classification (SIC) code) of food and kindred products. Training will take place at the company's labeling and distribution center in Lodi, California, which is located in San Joaquin County. According to monthly figures for March 2002 (the latest month for which figures are available) provided by the California Employment Development Department (EDD), San Joaquin County is a high unemployment area (HUA) of the State, with an unemployment rate that is at least 25 percent higher than the state average. The unemployment rate in San Joaquin County, per March figures, is 10.8 percent, while the statewide rate for the same month is 6.5 percent. The 10.8 percent figure is 66.2 percent higher than the statewide 6.5 percent figure.

specifically at Pacific Coast Producers' distribution facility at 650 South Guild Avenue, where the company has recently installed \$7 million worth of high-speed labeling equipment. This facility labels and distributes 28 million cases of product annually. There are three other Lodi locations, including corporate offices at 631 North Cluff in Lodi; however, the training is for the South Guild Avenue location only.

The primary reason for the company's current proposal is to facilitate moving the Lodi distribution plant to a high performance work place. New machinery and state-of-the-art equipment for high-speed labeling has been purchased and installed at this plant. Frontline employees require the skills necessary to operate the new equipment successfully, and maintenance employees require training in the correct maintenance of the equipment. The company has therefore included Manufacturing Skills training as an important part of the curriculum.

Continuous Improvement Skills

For the move toward higher performance, Pacific Coast Producers has formulated a curriculum designed to communicate the strategic goals of the company to employees, and to provide employees with training in a range of high-performance skills that include problem solving, production-related decision making, and communication skills. This training is contained in the Continuous Improvement portion of the curriculum.

The curriculum is formatted as a menu-type curriculum and is designed to efficiently provide training to 54 of the 250 employees who work at the company's distribution facility. Company officials state that the proposal would be a pilot project for Pacific Coast Producers, which, if successful, they hope to roll out for the rest of their workforce. They further state that the goals of the training program and of higher performance are to enhance productivity at the distribution facility, and to maintain and improve Pacific Coast Producers' overall business viability.

Supplemental Nature of Training

Pacific Coast Producers' training practices in the past have included general safety training, new hire orientation, and on-the-job-training in basic job skills. Classroom training has been restricted to certain executive-level occupations. The current training proposal differs from this on-going training. With advancements in technology coupled with positive effects of limited training in safety skills in the past, Pacific Coast Producers now requires a comprehensive, customized training program. The training included in the company's training plan is new to Pacific Coast Producers. The current proposal contains none of the safety, orientation, or basic skills training already provided.

NARRATIVE: (continued)

Supplemental Nature of Training (continued)

Pacific Coast Producers has had an ETP Agreement in the past, with mixed results (ET9-0924). The training took place at different sites (Oroville, and a different Lodi site), before the company built its distribution facility. Only seven (7) of the trainees completed training and the 90-day retention period. Training provided in the previous ETP Agreement was in Management Skills only, for Managers and

Supervisors. The curriculum contained in the current proposal differs from the training in the previous Agreement in that the current proposal contains no Management Skills training. There is therefore no overlap between the training currently proposed by Pacific Coast Producers and the training provided in the company's previous ETP Agreement. In addition, the company expects better performance results from the current proposal, and has taken precautions to prevent problems that occurred in the previous ETP Agreement.

In-Kind Contribution

Pacific Coast Producers estimates that the total estimated employer contribution will be \$184,880. This consists of \$110,928 for wages paid to trainees during training hours; and \$73,952 for on-the-job training, which is tied to ETP class/lab training, but not included in ETP funding.

COMMENTS:

The current proposal has received written support from the Cannery Workers, Processors and Helpers, Affiliated with the International Brotherhood of Teamsters, Local 601.

The Operators trainees are frontline workers at Pacific Coast Producers and are receiving a base hourly wage of \$15.78 per hour, based on the collective bargaining agreement between the employer and Teamsters Local 601, which will be in effect through June 30, 2003. Because the Operators are receiving the same wage, there is no range shown below.

Officials of Pacific Coast Producers state that if the training to be provided under the current proposal is successful, they anticipate requesting an amendment to add a second phase of training.

PROPOSED ACTION:

Staff recommends that the Panel approve this One-Step Agreement if funding is available and the project meets Panel priorities. The recommendation is based on the statement from Pacific Coast Producers that providing employees with skills training contained in this proposal will facilitate high performance processes designed to enhance productivity, improve business viability, and solidify employment security in an area of the state that has fallen behind in California's progress toward greater economic development.

TRAINING PLAN:

Job Number / Trainee Type	Types of Training	Number to Retain	Number Class/Lab Videocnf. Hours	Number CBT Hrs	Number SOST Hrs.	Cost per Trainee	Hourly Wage after 90 days
Job 1 Retrainee	Manufacturing Skills Continuous Improvement	54	40	0	80	\$1,160	*\$15.78-\$21.93
						<u>Range of Hourly Wages</u> *\$15.78-\$21.93	
						<u>Prevalent Hourly Wage</u> \$15.78	
						<u>Average Cost per Trainee</u> \$1,160	
<u>Health Benefit used to meet ETP minimum wage:</u> Although health benefits will not be used to meet ETP's minimum wage requirement, Pacific Coast Producers does provide them to employees.					<u>Turnover Rate</u> 2%	<u>% of Mgrs & Supervisors to be trained:</u> N/A	

* See comments on page 4 of Panel Memorandum.

MENU CURRICULUM
Pacific Coast Producers

<u>HOURS</u>	
<u>Class/Lab</u>	<u>SOST Trainer</u>
40	432

Trainees will receive one or more of the following:

COURSE TITLE AND DESCRIPTION

Classroom/Laboratory Training

- I. Manufacturing Skills
 - Electrical Concepts
 - Tools and Testing Equipment
 - Contact Sensors and Controls
 - Motor Operations
 - Trouble Shooting
 - Pneumatics
 - Equipment Operation
 - Operating Procedures
- II. Continuous Improvement Skills
 - Quality Control
 - Teambuilding
 - Production Operations
 - Process Improvement
 - Decision Making
 - Problem Solving

Structured, On-Site Training

Type of Training: Manufacturing Skills

SOST trainers will observe, evaluate and coach trainees as they perform one or more of the following activities:

Process orders
Work proficiently and effectively
Use hand tools
Use mechanical and electronic equipment
Check completed product for defects
Repair defects
Perform required maintenance

COMPETENCY: Ability to operate machines and equipment effectively and efficiently.